



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0218	Title:	Sequestration standards for carbon dioxide
Primary Sponsor:	Lind, Greg	Status:	Second Reading

- | | | |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$30,900	\$31,200	\$0	\$0
State Special Revenue	\$0	\$0	\$98,833	\$96,205
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$98,833	\$96,205
Net Impact-General Fund Balance	(\$30,900)	(\$31,200)	\$0	\$0

Description of fiscal impact:

This legislation will result in the State of Montana developing a new program to monitor underground injection of carbon dioxide. The creation of a new program and required permitting of activities associated with sequestration will require contracted services to develop the rules and eventually 1.00 FTE and operating costs to support this program. It also creates a state special revenue account with fees and penalties to support the program.

FISCAL ANALYSIS

Assumptions:

Department of Environmental Quality (DEQ)

1. The Board of Environmental Review (BER) will hire a contractor for rule development. The estimated cost is \$60,000 (\$30,000 each year of the 2009 Biennium) for 320 hours of research, stakeholder meetings, and development plus 80 hours for amendments and finalization of the administrative rule for a total of 400 hours at \$150 per hour. Additional operating costs for agency indirects will be \$900 in FY 2008 and \$1,200 in FY 2009. The total of \$62,100 is being requested as a biennial appropriation for additional flexibility in the timing of rule development and implementation.

2. It is projected that 1.00 FTE Environmental Engineer will be hired in FY 2010 to develop a permitting program and to support the sequestration program under the Clean Air Act. This will include geologic assessment of sites and provide expertise the DEQ does not have at this time.
3. Anticipated expenses are as follows: Personal services (salaries and benefits) will be \$63,301 in FY 2010 and \$64,883 in FY 2011. Estimated operating expenses are \$35,532 in FY 2010 and \$31,322 in FY 2011 for supplies, travel, communications, education/training, and agency indirect costs. The costs for FY 2010 are higher for office set up purposes. Administrative support for this new program is anticipated to be minimal and can be absorbed by existing staff.
4. At this time there are no known facilities in Montana that inject carbon dioxide into shafts or wells.
5. General fund is requested for the expenses in FY 2008 and FY 2009; the BER is funded with general fund. The state special revenue account and fee program will not be established until the rules are written and adopted by the BER.
6. It is unknown when the program will start generating revenue. The fee structure established in rules will cover the cost of the program. That fee structure is not known at this time. Penalty assessments are also unknown and not included in the projected revenue.
7. The assumption is that revenue will start be generated at the beginning of FY 2010. If that is not the case, the agency may request general fund support from the 2009 Legislature.
8. The EPA currently does not provide any federal funding for an underground injection control program.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$63,301	\$64,883
Operating Expenses	<u>\$30,900</u>	<u>\$31,200</u>	<u>\$35,532</u>	<u>\$31,322</u>
TOTAL Expenditures	<u><u>\$30,900</u></u>	<u><u>\$31,200</u></u>	<u><u>\$98,833</u></u>	<u><u>\$96,205</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$30,900	\$31,200	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$98,833</u>	<u>\$96,205</u>
TOTAL Funding of Exp.	<u><u>\$30,900</u></u>	<u><u>\$31,200</u></u>	<u><u>\$98,833</u></u>	<u><u>\$96,205</u></u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$98,833</u>	<u>\$96,205</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$98,833</u></u>	<u><u>\$96,205</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$30,900)	(\$31,200)	\$0	\$0

Sponsor's Initials

Date

Budget Director's Initials

Date